

Message Text

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ACTION OPIC-06

INFO OCT-01 AF-08 ISO-00 EB-07 /022 W
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P 121600Z NOV 76
FM AMEMBASSY YAOUNDE
TO SECSTATE WASHDC PRIORITY 210

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DEPT PASS OPIC FOR HENDERSON

E.O. 11652: N/A
TAGS: EFIN
SUBJECT: CAMEROONIAN FORESTRY COMPANY

REF: STATE 249362

1. E/C APOLOGIZES FOR DELAYED RESPONSE BUT HIS ABSENCE AND
THAT OF KEY CONTACTS PREVENTED EARLIER REPLY.

2. IN SUMMARY, BCD HAS NOT REPEAT NOT MADE ANY COMMITMENT
FOR LOAN GUARANTEES TO GEFCAM. GEFCAM ORIGINALLY APPROACHED
MINFIN FOR GUARANTEES. MINFIN REFUSED AND REFERRED THEM TO
BCD. BCD IN TURN REQUESTED INFO FROM GEFCAM RE PROJECT
PROPOSAL, CAPITAL STRUCTURE, MARKETING ARRANGEMENTS, ETC.
GEFCAM HAS PRESENTED ONE PAPER TO BCD RE PROJECT PROPOSAL
BUT HAS NOT MET ALL INFO REQUIREMENTS. SECONDLY, AS OPIC
NOTED, GEFCAM IS QUOTE GROUPEMENT UNQUOTE AND THEREFORE HAS
NO JUDICIAL STANDING RE LEGAL RESPONSIBILITY FOR DEBT
PAYMENT. GEFCAM WILL EITHER HAVE TO INCORPORATE OR
INDIVIDUAL MEMBERS WILL HAVE TO ASSUME RESPONSIBILITY FOR
INDIVIDUAL PIECES OF EQUIPMENT. THIRD, BCD HAS NO REPEAT
NO INTENTION OF GUARANTEEING 3.5 MILLION DOLLAR EQUIPMENT
LOAN. GEFCAM'S EIGHTEEN MEMBERS CLAIM APPROXIMATELY
500,000 HECTARES OF CONCESSIONS WITH TOTAL INVESTMENT IN
EQUIPMENT, BUILDINGS, ETC., OF 300 MILLION FCFA (APPROX 1.25
MILLION DOLLARS). BCD HAS BEGUN CONFIRMATION OF CLAIMS. IF
FIGURES ARE VALID, LAND HOLDINGS SUITABLE, GEFCAM INCORPORATES
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(PROVIDING BCD WITH LEGAL RECOURSE IN CASE OF DEFAULT), AND

SUITABILITY OF MEMBERS TO IMPLEMENT PROPOSED PROJECT ARE ESTABLISHED, THEN BCD WOULD BE WILLING TO CONSIDER PROVIDING UP TO ABOUT ONE MILLION DOLLARS LOAN GUARANTEE IN FIRST STAGE OF PHASED IMPLEMENTATION OF OVERALL PROJECT DEVELOPMENT. EMBHESIS WOULD BE ON BRINGING GEFCAM ALONG SLOWLY TO AVOID MAJOR PROBLEMS.

3. E D ALSO DESIROUS OF PLAYING MIDDLEMAN ROLE FOR CONTROL OVER GEFCAM AS OPPOSED TO SIMPLY GUARANTEEING LOAN. ACCORDING TO VARIOUS SOURCES, MEMBERS REPRESENT RANGE OF EXPERIENCE, EXPERTISE AND FINANCIAL STANDING. PROBLEM FURTHER COMPLICATED BY FACT THAT SOME OF THE GEFCAM MEMBERS ARE FRONTMEN FOR CONCESSIONS HELD BY MINISTERS OR OTHER VIP'S. THEREFORE LIKELY SOME PRESSURE WILL BE EXERTED FOR BCD TO BACK PROJECT. ON THE OTHER HAND, PRESENCE OF POLITICAL CLOUT WOULD FACILITATE OBTAINING NEEDED EXPORT AND FOREIGN EXCHANGE PERMITS. SOME MEMBERS MAY ALREADY HAVE.

4. PROVIDING GEFCAM MEETS ALL BCD REQUIREMENTS, BELIEVE IT WOULD BE GOOD VEHICLE TO SUPPORT DEVELOPMENT INDIGENOUS TIMBER SECTOR, USING US EQUIPMENT WITH GOOD POTENTIAL FOR FUTURE. BCD SPECIFICALLY ASKED IF (A) THERE WOULD BE ANY US PARTICIPATION, EITHER INVESTMENT OR TECHNICAL ASSISTANCE AND (?) COULD BCD BE MIDDLEMAN IN FINANCING AS OPPOSED TO SIMPLY GUARANTEEING EXIM FINANCING. EMBASSY WILL LOOK INTO CFF PROGRAM ARRANGEMENT WITH BCD AND EXIM.

5. FYI - UNDER NEW FIVE YEAR PLAN, ROLE OF BCD IS BEING SUBSTANTIALLY EXPANDED AND SYSTEM IMPROVED. BCD ACTIVITIES AND FINANCIAL STATUS HAVE BEEN SLIPPING IN LAST FEW YEARS AND NEW MEASURES ARE BEING TAKEN TO STRENGTHEN IT AND EXPAND ITS ACTIVITIES. BCD IS NOW UNDERGOING AUDIT AND HAS PROMISED COPY OF STATEMENT UPON COMPLETION.

6. PLEASE PASS INFO TO HAZELWOOD PER YOUR DISCRETION.
SPIRO

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Message Attributes

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